Leasing of Airbus 320

950. SHRI R.S. GAVAI: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Indian Airlines proposes to lease four Airbus 320s.;

(b) if so, the details thereof alongwith the reasons therefor; and

(c) the details of the present effective fleet strength and utilisation of the fleet strength of airlines?

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV): (a) and (b) Indian Airlines proposes to dry-lease four A320 aircraft for augmentation and replacement of capacity.

(c) The details the existing aircraft fleet of Indian Airlines/ Alliance Air and Utilization thereof are as follows:—

Type of Aircraft	Number (As on 1.7.2001)	Aircraft Utilisation (Planned annual utilization as on 20.7.2001) (in hours)
A300	9*	2400
A320	32*	2993
B737	11 3	2627
D0228		994
	Average	2713

*Includes two A300 and A320 on dry lease. A300 fleet excludes two aircraft out of which one has been set aside for sale.

Damages from Boeing Leasing Company

951. SHRI R.S. GAVAI: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Indian Airlines proposes to seek damages from Boeing Leasing Company on account of failure to deliver aircraft;

(b) if so, the details thereof; and

(c) the revenue lost by the Indian Airlines and the penalty imposed on GIA in this regard?

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV): (a) to (c) The Board of Directors of Indian Airlines in its 50th meeting held on 20th December, 1999 had approved in principle induction of aircraft capacity on lease for winter of 2000-01 to cater to passenger traffic. A global tender was floatged in March, 2000 for dry lease of 4 aircraft (A-320/B-737—3000/400) for induction from November 2000, for a period of 3 years.

The tender bids were opened on 17th July, 2000. Seven proposals were received out of which 3 offers were for Boeing 737-2000 and 4 offers were for A-320 aircraft. The three offers for Boeing 737 aircraft were from the following parties:—

(i) Paragon, (ii) GECAS, (iii) GIA International Limited

* Directorate General of Civil Aviation (DGCA) regulations provide that pressurized aircraft of more than 15 years age cannot be imported under lease arrangements. Paragon had offered four aircraft which were more than 15 years of age and therefore, did not meet the DGCA regulations. GECAS offered two aircraft below the age of 15 years. Two aircraft offered by GECAS were same as offered by GIAL. subsequently, GECAS advised that the two B737—200 aircraft proposed by them for lease to Indian Airlines were not available as these aircraft had already been signed up for lease elsewhere.

* GIAL was, thus, the only eligible party meeting the tender requirements and DGCA regulations.

* GIAL was, therefore, invited for discussions with the Lease Committee of Indian Airlines, detailed discussions were held with GIAL in August 2000. GIAL confirmed that all technical requirements /manadatory modifications as required by DGCA would be complied with during 'C check to be carried out before delivery of each aircraft.

* The Board of Indian Airlines in its 54th meeting held on 18th September, 2000 approved dry lease of five boeing 737—200 aircraft

from GIAL for a period of three years from November 2000 onwards and also approved the issuance of Letter of Intent to the party.

* A Letter of Intent was executed between Indian Airlines and GIAL for lease of five Boeing 737 aircraft on 21st September, 2000. The Letter of Intent provided delivery of first aircraft by 25th November, 2000 and thereafter delivery of one aircraft every 14 days.

* Lease Agreement duly vetted by the Legal Advisors were signed between Indian Airlines and GIAL in New Delhi on 15th of December, 2000. The Lease Agreement provided the following delivery schedule:

22/12/2000—First aircraft

29/12/2000—Second aircraft

10/01/2001—Third aircraft 22 / 01

/ 2001—Fourth aircraft 31 / 01 /

2001—First aircraft

* In order to ensure compliance of terms of Lease Agreement particularly with regard to timely delivery of aircraft, the Lease Agreements provide for the following:

(i) Lessor shall pay to lessee, as liquidated damages, the amount of USD 8,500 for each day following expected delivery date until either aircraft is delivered to lessee or lessee exercise its option to terminate its obligation to lease the aircraft.

(ii) The first aircraft to be delivered as on 22nd December, 2000 with a grace period of 7 days. On 29th December, 2000, Indian Airlines could choose to cancel lease contract for all aircraft.

(iii) Latest delivery date i.e. 7th February, 2001 on which date Indian Airlines could choose to cancel lease contract for remaining undelivered aircraft.

* Despite continuous follow-up, no aircraft was delivered by GIAL by the back stop the date of 7th February, 2001. Indian Airlines then took up the matter with GIAL through its Legal Advisors. Efforts of Indian Airlines continued with GIAL who provided a revised delivery schedule during the month of March, 2001.

* In view of the continuous deferment of the delivery schedule,

Indian Airlines decided to call GIAL team to India to discuss the issue regarding delivery of the aircraft.

*GIAL team finally came to India on 27th April, 2001. The discussions continued till 17th May, 2001 but when no results were forthcoming it was decided by Indian Airlines that in view of GIAL's inability to deliver the aircraft, the best course of action would be to terminate the Lease Agreements. The Lease Agreements were finally terminated on 21st May, 2001.

*Indian Airlines is taking necessary steps in consultation with the Legal Advisors regarding the due claim against the party, in accordance with the provisions of the Lease Agreements, for nondelivery of leased aircraft.

Fresh Bids for Acquiring of Planes

952. SHRI GHULAM NABI AZAD: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether it is a fact that Government have initiated any negotiations with GIA, the leasing agent for leasing of five Boeing 737 aircrafts;

(b) if so, since when the negotiations have been going on and the reasons for delay in coming to any decision;

(c) whether Government have also invited fresh bids for acquiring more planes on lease;

(d) if so, the number of fresh bids received and whether these have been processed; and

(e) if so, decision taken and rent being paid for leasing of the aircrafts?

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV): (a) and (b) After approval of the Board of Directors, Indian Airlines executed a Letter of Intent for lease of 5 B-737-200 aircraft in September, 2000 with M/s. GIA International Ltd. (GIAL). The contract for lease of these aircraft was finalized in consultation with their legal advisor and was executed in December* 2000. As per the contract, all the aircraft were to be delivered by the end of January, 2001. Despite continuous pursuing no aircraft was